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In The
Supreme Court of the United States

KSR INTERNATIONAL CO.,

Petitioner,

v.

TELEFLEX INC. and TELEFLEX HOLDING CO.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF FRANKLIN PIERCE LAW CENTER INTELLECTUAL PROPERTY AMICUS CLINIC AS AMICUS CURIAE IN SUPPORT OF RESPONDENTS

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INTEREST OF AMICI

The sole interest of the Pierce Law Intellectual Property Amicus Clinic in this case is the development and application of patent law to promote innovation and competition.[1] Its director and counsel of record is a former patent examiner who has been involved with the patent system in various roles for over forty years and has taught and written about it for well over thirty. This brief is submitted to provide the Court with scholarly assistance informed by experience.

SUMMARY OF ARGUMENT

Grants of trivial, inoperable and otherwise invalid patents are of long-standing concern, but "To await litigation is – for all practical purposes – to debilitate the patent system." *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966). Thus, the Court found, "[T]he primary responsibility for sifting out unpatentable material lies in the Patent Office" and went on to flag "a notorious difference between the standards applied by the Patent Office and by the courts." *Id.*

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[1] Pursuant to Sup. Ct. R. 37.6, amici represent that they have authored this brief in whole; no person or entity other than Franklin Pierce Law Center has made any monetary contribution to its preparation or submission. We have been informed that counsel for both parties have given blanket consent to the filing of amicus briefs.

Students in the Clinic who assisted with research and in drafting this brief are Graduate Fellows and LL.M. candidates, James Scott Anderson and Mary Anne Copeland; LL.M. candidate, Jennifer L. Fessler; and J.D. candidates, Sumon Dasgupta, Yelena Morozova and Ryan P. O'Connor.

Although courts cannot prevent invalid patents from issuing, they may encourage it. Shortly after *Graham* was decided, a panel appointed by President Johnson faulted the U.S. Court of Customs and Patent Appeals ("CCPA") for much of the "notorious difference" flagged in *Graham*. The President's Commission on the Patent System, *"To Promote the Progress of . . . Useful Arts" in an Age of Exploding Technology*, *e.g.*, at 25 and 29 (preliminary printing 1966).

That report expresses the belief that CCPA decisions requiring the Patent Office to resolve doubts in favor of applicants meant that patents would be granted on records that other courts would later find unacceptable. Fearing erosion of a strong presumption of patent validity, it made several recommendations. Perhaps the most striking was a proposal that CCPA decisions be reviewable in the U.S. Court of Appeals for the D.C. Circuit ("D.C. Circuit"). *Id.* at 30. That did not come to pass, but creation of the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit"), in 1982, more than satisfied the Johnson Commission's underlying objective of having direct review conducted in a court of general jurisdiction.

Although the Federal Circuit was primarily intended to eliminate forum shopping among circuits with seemingly divergent patentability standards, the scope of its jurisdiction has proven otherwise beneficial. Reviewing all refusals to grant patents directly and all allegations of invalidity collaterally, the Federal Circuit can tap experience acquired in one context to inform its decisions in the other.

Thus, since 1982, unlike the CCPA earlier and the Patent and Trademark Office ("PTO")[2] even now, the Federal Circuit must confront the consequences of unwarranted grants. Critics appear to disregard the importance of that perspective in developing a sound patent system and the challenge of developing a balanced approach to obviousness. As stated in *Graham*:

> What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context. The difficulties, however, are comparable to those encountered daily by the courts in such frames of reference as negligence and scienter, and should be amenable to a case-by-case development.

383 U.S. at 18.

Aside from opinions of this Court supplemented by those of the prior U.S. Court of Claims, however, the Federal Circuit began operation without binding precedent for collateral review of patent validity. Thus, it is important to credit an ongoing, if diminished, need for case-by-case development less than twenty-five years later. It is also important to credit once again the Federal Circuit's objective of reducing "excessive uncertainty and burdens [on] legitimate innovation" as well as its unique capacity to do so. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 737 (2002).

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[2] *See* An Act to Amend the Trademark Act of 1946 and Title 35 of the United States Code to Change the Name of the Patent Office to the "Patent and Trademark Office," Pub.L. 93-596, § 1, 88 Stat. 1949 (1975).

This brief therefore urges that the disposition of this case should not be influenced by concerns that the Federal Circuit favors patent applicants or grantees more than necessary to sustain the economic strength of the United States.

ARGUMENT

I. Most Patent System Problems Are Beyond The Reach Of The Courts.

Studies of the U.S. patent system since the late 1950s identify a wide range of difficult issues but few solutions. Fritz Machlup's comprehensive 1958 economic study of patents – one of thirty in a series commissioned by the U.S. Senate – took the long view. *An Economic Review of the Patent System*, Study No. 15 of the Senate Subcomm. on Patents, Trademarks and Copyrights of the Comm. on the Judiciary, 85th Cong., 2d Sess., at 2 (1958) ("*An Economic Review*"). Beginning with reference to a Venetian grant in 1474, *id.* at 2, Machlup reported that patents had been regarded with much hostility in the latter half of the Nineteenth Century. *Id.* at 4. Indeed, the Dutch and Japanese patent systems, for example, were abolished in 1869 and 1873, only to be reinstated in 1910 and 1885, respectively. *Id.* at 4-5. In classic scholarly fashion, Machlup went on to say of the U.S. patent system: "It would be irresponsible on the basis of our present knowledge of its economic consequences, to recommend instituting one. But since we have had a patent system for a long time, it would be irresponsible . . . to recommend abolishing it." *Id.* at 80.

Two decades later, Frank Press, former President of the National Academy of Sciences, then Science Advisor to the President, strongly disagreed with Machlup's agnostic assessment: "For twenty-five years the question of innovation and Americans' ability to innovate has been ... studied to death." *Industrial Innovation: Joint Hearings Before the Senate Comm. on Commerce, Science and Transportation, and Select Comm. on Small Business, and House Comms. on Science and Technology, and Small Business*, 96th Cong., 1st Sess., Part 1, at 40 (1979).

Despite Press's assessment, the U.S. patent system continues to face problems. Many are discussed in several reports. One was cited in *eBay Inc. v. MercExchange, L.L.C.*, 126 S.Ct. 1837, 1842 (2006) (Kennedy, J., concurring) – the Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* (2003) ("FTC report"). It is joined by two other essentially coterminous accounts – Board on Science, Technology and Economic Policy of the National Research Council of the National Academies, *A Patent System for the 21st Century* (2004) ("NRC report"), and Adam B. Jaffe and Josh Lerner, *Innovation and its Discontents: How Our Broken Patent System is Endangering Innovation and Progress and What to Do About It* (2004) ("*Discontents*").

Exactly what sparked these efforts is unclear. The arguably new and nearly intractable remedial tensions addressed in *eBay* surely played a role. Moreover, interest in patents (and other forms of intellectual property) is apt to parallel the importance of intellectual property in domestic and global economies. As stated in a new Bush Administration report, "Few issues are as important to the

current and future economic strength of the United States as our ability to create and protect intellectual property."[3] Yet, it goes on to claim: "Through the applied talents of American inventors, researchers, entrepreneurs, artists and workers, we have developed the most dynamic and sophisticated economy the world has ever seen." *Id.* The first part of that claim would be difficult to make were the U.S. patent system fundamentally flawed.

Yet, some urge that trivial, even silly, patents such as those for swinging sideways or for exercising cats with laser pointers signal a broken system. *See, e.g., Discontents*, at 34. Such accounts grab attention, but they do not indicate a malfunctioning, much less recently broken, patent system. As the NRC report, observes at 48: "[W]hether [such] examples are aberrant or typical, or, for that matter, increasing or declining in frequency is impossible to determine on the basis of a few handpicked examples. . . . " As it also notes, "a nontrivial number of errors . . . are inevitable in a system whose output by 3000 individual examiners is 167,000 patents annually." *Id.*

Moreover, skeptical examiners may issue patents when, for example, prior art is not available or easily accessed. They may also do so when little would be gained from investing time for miniscule returns. As noted by Judge Learned Hand in *Lyon v. Boh*, 1 F.2d 48, 50 (S.D.N.Y. 1924): "Courts have descanted upon the abuse again and again, but the antlike persistency of [patent] solicitors has overcome, and I suppose will continue to

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[3] National Intellectual Prop. Law Enforcement Coordination Council, *Report to the President and Congress on Coordination of Intellectual Property Enforcement and Protection*, at 1, September 2006.

overcome, the patience of examiners, and there is apparently always but one outcome."

It has long been a common goal to reduce as much as possible, for example, through pre-grant publication and pre- and post-issue administrative scrutiny, the high cost of resolving validity disputes in litigation. All recent studies continue the pattern by recommending additional or expanded administrative measures to that end. Failure to adopt such measures, however, cannot be attributed to lack of awareness or experience. *See, e.g.*, Pasquale J. Federico, *Opposition and Revocation Proceedings in Patent Cases*, Study No. 4, of the Senate Subcomm. on Patents, Trademarks and Copyrights of the Comm. on the Judiciary, 85th Cong., 2d Sess. *passim* (1957).

The Federal Circuit sees few applications on direct review and can issue none. The most it or any court could ever do was to find PTO bases for refusal to be unsupported.[4] That courts had no role in granting most patents surely led this Court in *Graham* to observe, "the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is – for all practical purposes – to debilitate the patent system." 383 U.S. at 18.

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[4] A PTO claim that the Federal Circuit imposes too high a burden is discussed briefly *infra* at notes 6 and 7. But it will be useful first to consider the CCPA.

II. The Federal Circuit Cannot Be Fairly Labeled As "Pro-Patent".

A. Direct Review Of Patent Refusals May Have Once Favored Applicants.

Graham also flagged "a notorious difference between the standards applied by the Patent Office and by the courts," 383 U.S. at 18, and expressed hope that a Presidential Commission would "develop more efficient administrative procedures and techniques that will further expedite dispositions and at the same time insure the strict application of appropriate tests of patentability." *Id.* at n.10.

The results of that anticipated effort, containing many recommendations, were later published as The President's Commission on the Patent System, *"To Promote the Progress of . . . Useful Arts" in an Age of Exploding Technology* (preliminary printing 1966) ("Johnson Commission report"). None of the report's proposals were soon adopted, but, for example, the seventh called for pre-issue publication, *id.* at 18 – something accomplished only in 1999 by an amendment to 35 U.S.C. § 122 (2001).[5]

Of the Johnson Commission's recommendations, three are relevant to the current controversy. The tenth recommendation, *id.* at 25, read, "The applicant shall have the burden of persuading the Patent Office that a claim is patentable." Without citing *Graham*, it noted that the Patent Commissioner had instructed examiners, "in obedience to views expressed this year by the Supreme Court," to cease resolving all reasonable doubts in favor of

[5] Consolidated Appropriations Act of 2000, Pub. L. 106-113, Div. B, § 1000(a)(9), Title IV, § 4502(a), 113 Stat. 1536, 1501A-561.

applicants. *Id.* Yet, it wondered "how courts directly reviewing Patent Office practice will treat this change." *Id.*

The thirteenth recommendation read, "A Patent Office Decision refusing a claim shall be given a presumption of correctness, and shall not be reversed unless clearly erroneous." *Id.* at 29. What was meant by the standard is unclear, for it said, "This recommendation should settle the conflict over 'scope of review,' by defining the court's responsibility to be *review* of the Patent Office decision, rather than substitution of its own judgment." *Id.* That approach was not adopted until many years later following *Dickinson v. Zurko*, 527 U.S. 150 (1999). It is still subject to some debate, but *In re Lee*, 277 F.3d 1338 (Fed. Cir. 2002), a decision faulted by PTO officials,[6] seems to apply it correctly.[7]

The fourteenth recommendation, at 30, makes clear the target of the tenth and thirteenth: "Either the applicant or the Patent Office may appeal from a decision of the Court of Custom and Patent Appeals to the United States Court of Appeals for the District of Columbia."[8] Citing *Graham's* reference to "a notorious difference" between standards of the Office and the courts, the Johnson Commission explained:

> This difference results not only from the fact that proceedings in the Patent Office are *ex parte*, but

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[6] *See, e.g.*, Steve Seidenberg, *Stating the Obvious*, A.B.A.J., Oct. 2006, at 14.

[7] *See, e.g.*, Thomas G. Field, Jr., *Zurko, Gartside and Lee: How Might They Affect Patent Prosecution?*, 44 IDEA 221 *passim* (2004).

[8] That recommendation also proposed, as held in *Brenner v. Manson*, 383 U.S. 519 (1966), that either party could seek certiorari.

> also because the C.C.P.A., which to a large extent determines the standards applied . . . , is a court which has neither general jurisdiction nor jurisdiction in infringement cases.
>
> Under the recommendation, all immediate direct review of the Patent Office would be subject to further review by . . . the District of Columbia Circuit. Thus, a single court of general jurisdiction ordinarily would be the final reviewing authority.

Johnson Commission report at 30.

The *Graham* Court did not mention the CCPA as possibly responsible for allegedly lax standards, but one CCPA judge tended to agree with the Johnson Commission's assessment. Dissenting in *In re Arkley*, 455 F.2d 586, 593 (CCPA 1972), Judge Worley said:

> Although the majority would undoubtedly disclaim the notion, I cannot help but feel that it is resolving doubt on the issue presented in favor of the applicants. In doing so, this court is not doing the applicants or the public any favor. Rather it is bestowing on the applicants a license to litigate . . . at a time when, it is reliably estimated, 80% of contested patents are being held invalid in other federal courts.

Moreover, in *In re Mixon*, 470 F.2d 1374, 1401 (CCPA 1973), Judge Worley reflected:

> Inasmuch as this is doubtless my last opinion as Chief Judge . . . , I take this opportunity to make a few personal observations . . . solely in my individual capacity as a member of this court for the past twenty-two years. During that time I have resolved reasonable doubt on questions of

> patentability in favor of the inventor, never sure whether I was helping or harming him, the public or the patent system. Frankly, the issue of obviousness of appellants' process here is sufficiently close to me to justify consideration of the policy behind our "resolution of doubt" practice which began during the early days of this court's jurisdiction in patent matters.
>
> . . . . On otherwise substantially identical records, it makes little if any sense to allow the fortunes of patentability to be potentially determined by the route of review – to this court which has followed the rule of doubt policy, or to the District Court and Court of Appeals for the District of Columbia Circuit which do not – chosen by an applicant. . . . Nor does it make sense to accord a duly issued patent a presumption of validity when its issuance is dependent on resolving an admitted doubt . . . in the applicant's favor. I . . . think it is time to join our sister courts and the Patent Office in abandoning the rule. . . .

"Supplemental Opinion" (footnote omitted).

What was meant by the "rule of doubt" is unclear, but, *a priori*, doubts must be resolved one way or another. The statute is not helpful. Section 101 of the Patent Act of 1952 states: "Whoever invents . . . *may* obtain a patent subject to the conditions and requirements of this title," whereas § 102 of the Act reads, "A person *shall be entitled* to a patent unless . . . " and § 103 reads, "A patent *may not* be obtained . . . "[9] [Emphases added.] This conflict was not

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[9] Quoted language is unchanged since 1952, but language considered in *Graham* currently appears in 35 U.S.C. § 103(a) (2001).

noted, much less resolved, in *Graham*. The opinion nevertheless seems to hold: "When in doubt, don't issue the patent."[10]

Although the CCPA may have favored applicants, it is unclear that it did. Soon after *Graham* was decided, Martin Shapiro observed:

> Even the continually high gross rate of invalidations by the Supreme Court cannot "prove" that Court and Office are using different standards. The Court does not review every patent the Office issues ... This phenomenon is frequently encountered in judicial review of administration. The clearly correct agency decisions are not appealed to the courts. The judges only get those that the agency itself thought of as on the borderline, but was forced to make one way or the other. Getting only the shaky decisions, the court's percentage of agency reversals climbs far above what it would be if the courts got all the decisions to review.

The Supreme Court and the Patent Office, in The Supreme Court and Administrative Agencies, 143, at 185-86 (1968).

Shapiro also pointed out: "When a Patent Office decision is reviewed by the courts in an infringement suit, however, ... [t]he court in effect enlists the alleged infringer.... Since finding a prior invention is the surest way of winning his case, the infringer is likely to do a good job." *Id.* at 191-92.

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[10] The principal author of this brief recalls neither instruction nor discussion, but, as a patent examiner forty years ago, he took that approach.

Moreover, infringers are apt to have far more resources to seek prior art and economic motivation to invalidate patents than applicants had in seeking them.[11] Alleged infringers also have stronger motivation to invalidate a patent than the agency had to prevent it from issuing.

Other differences between collateral and direct review should also be considered. In the latter context, would-be patentees are opposed only by the agency. Also, on direct review, cases are styled in inventors' names, possibly inducing a measure of sympathy. By the time litigation occurs, granted patents are apt to have been assigned, and assignees are unlikely to be viewed as favorably as applicants – particularly if regarded as "monopolists" or "trolls". Such differences are inherent.

As claimed by the Johnson Commission, applicants may have been even further favored by the CCPA on direct review. If so, that potential has since been eliminated with creation of the Federal Circuit by the Federal Courts Improvement Act of 1982, Pub. L. 97-164, 96 Stat. 25.

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[11] Recommendation 2 in the FTC report, for example, calls for reducing the burden needed to invalidate patents. Executive Summary at 8. The current burden under 35 U.S.C. § 282 (2001), however, appears to have been uniformly recognized long before creation of the Federal Circuit and may be justified on the basis of those and other advantages to infringers.

B. Since 1982, Direct Review Of Patent Refusals Is Much Less Likely To Favor Applicants.

Before 1982, a jurisdictional fence separated most appellate judges in patent cases. The largest group sat on numbered circuits. They saw patents rarely, and only in the context of infringement or antitrust suits. Some were skeptical, if not hostile. The smallest group sat on the CCPA. Having major responsibility for direct agency review, CCPA judges, and perhaps most attorneys who practiced before them, saw patents frequently but never in the context of infringement, much less antitrust, disputes.

Further, Justices of this Court and judges on the D.C. Circuit could review Patent Office decisions both directly and collaterally, as well as assess the role of patents in antitrust disputes. Still, neither occurrence was frequent.

As noted above, the potential for untoward consequences based on differences in judicial experience and perspectives ended with creation of the Federal Circuit in 1982. Since then, as noted in the FTC report, "The Court of Appeals for the Federal Circuit, the sole court for most patent law appeals, has brought stability and increased predictability to various elements of patent law. This has reduced legal uncertainty and facilitated business planning." Executive Summary, at 4.[12]

Moreover, the objectives of the Johnson Commission's fourteenth recommendation, discussed *supra*, seem to have been exceeded. Because, under 28 U.S.C. § 1295(a) (2006), the Federal Circuit reviews both refusals directly

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[12] This, too, helps justify the status quo discussed *supra* note 11.

and grants collaterally, its patent jurisprudence is self-correcting. On a practical level, if the Federal Circuit makes it too difficult for the PTO, in the former situation, to reject patent claims as obvious, that should become apparent when the court later reviews challenges to validity.[13] Unlike the CCPA or the PTO,[14] the Federal Circuit sees first-hand the consequences of unwisely granted patents and has developed its jurisprudence accordingly. Thus, the Federal Circuit's jurisdiction is well suited to development of balanced patentability standards.

C. Collateral Review Of Patent Grants Does Not Favor Patent Holders.

Because its decisions are informed by considerable experience, the Federal Circuit has not seen a flood of winning (or losing) challenges based on obviousness. Yet, more widely noted and more hostile than most of the recent studies, Jaffe and Lerner in *Discontents* identify the Federal Circuit's being "pro-patent" as a major contributor to a broken patent system. *Id., e.g.*, at 2 and 101.

Particularly with regard to obviousness, the NRC report at 61-62, recounts that others, too, have maintained that the Federal Circuit unduly favors applicants or patentees. That report, however, "did not reach a position on their significance with respect to non-obviousness generally." *Id.* at 62. Expressing concern about the application of the standard to genomic and business innovation, the NRC report also notes: "This may be primarily an issue in emerging technologies, where fairly broad patents

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[13] Evidence of that, however, is lacking. *See supra* at note 7.

[14] *See supra* note 2.

may be granted early on, and fewer but narrower patents are granted as the field matures, more prior art becomes available, and examiners become more familiar with it." *Id.*[15]

Yet, genomic and business innovations have nothing in common aside from their novelty as patentable subject matter. Those technologies and others sure to emerge in the future may well challenge the PTO and the courts. That, however, is not a problem posed by the present case.

Regarding the obviousness test under consideration, the FTC report does express general concern. It nevertheless concludes, "The Federal Circuit's most recent articulations of the suggestion test ... would better facilitate implementation of the test in ways sensitive to competitive concerns." Executive Summary at 12. Perhaps that, too, is a product of experience. Expressing a consistent theme, the NRC report, at 62, notes "evidence that the Federal Circuit judges appointed more recently are more likely to uphold a patent against a non-obviousness argument."

Many patent-system critics put key stakeholders in opposing camps. This paradigm, however, does not fit

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[15] Apparently even in that regard some disagree. *See* Am. Intellectual Prop. Law Ass'n, *AIPLA Response to the National Academies Report Entitled "A Patent System for the 21st Century"* at 10 (2004):

> AIPLA believes that the courts, including the Federal Circuit, have applied the standard of non-obviousness with both the needed rigor and the appropriate vigor, and they have done so with a commendable consistency over the past two decades. *If a difficulty exists with application of the non-obviousness standard today, it does not lie in the patent statute or in the substantive law of non-obviousness as applied by the courts.*

[Emphasis added.]

reality; the same stakeholders do not always make the same arguments. An owner may argue for one standard when seeking a patent or defending its validity, and soon thereafter argue for a different standard when attacking the validity of a competitor's patent.

Moreover, the law permits and, in fact, encourages stakeholders to advance potentially conflicting arguments. Patent owners who license technology *to* others, often also need to obtain licenses *from* others. Competitors may become locked in the détente imposed by mutually-blocking patents, for example, but most can negotiate with the knowledge that available legal arguments are not proscribed by their status. This, too, produces balanced results.

It takes time to resolve tensions that can be described as between owner-users and user-owners, but tensions caused by stakeholders' roles shifting back and forth keep the system in balance. From that perspective, the Federal Circuit is an excellent idea. Its judges are in a position to appreciate both the positive and negative effects of resolving validity and other patent issues.

Federal Circuit opinions cannot please everyone, but the court's interpretation of 35 U.S.C. § 271(d) (2001), recently rejected in *Illinois Tool Works Inc. v. Independent Ink, Inc.*, 126 S.Ct. 1281 (2006), cannot be seen to favor patent holders or to show disrespect for precedents of this Court.

The interpretation of Section 102(b) of the Patent Act of 1952, 66 Stat. 797, approved in *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55 *passim* (1998), is similar. Although more favorable than an interpretation proposed by the Solicitor General, *Pfaff*, 525 U.S. at 68 n.14, it was less

favorable to applicants and patentees than other circuits' interpretations prior to 1982; 525 U.S. at 60. Likewise, the more flexible doctrine of equivalents rule substituted by *Festo*, 535 U.S. at 737, favors patent owners more than the rigid rule that had been adopted by the Federal Circuit.[16]

D. The Federal Circuit Is Uniquely Suited To Adapt The Requirements Of *Graham* For Application In Widely Divergent Circumstances.

To have all patent disputes resolved in one U.S. court of appeals, a price had to be paid. Unable to regard often conflicting prior decisions of all other circuits as precedential, the new court faced a problem. It was resolved in *South Corp. v. United States*, 690 F.2d 1368, 1369: "[T]he holdings of our predecessor courts, the U.S. Court of Claims and the U.S. Court of Customs and Patent Appeals, announced by those courts before the close of business September 30, 1982, shall be binding as precedent in this court." Thus, aside from opinions of this Court supplemented by those of the Court of Claims, the Federal Circuit began operation without precedents to govern issues that arise only in infringement litigation.

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[16] Many other instances could be cited. Among them is *Oddzon Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997) (construing a 1984 amendment to 35 U.S.C. § 103 to expand eligible prior art beyond what some would prefer). The amendment under consideration there as well as the Biotechnology Process Patents Act of 1995, Pub. L. 104-41, § 1, 109 Stat. 351 (amending § 103) also indicate that Congress will amend the obviousness standard when it perceives a problem. Yet the language at issue here has been unchanged since the Patent Act was codified in 1952.

Nevertheless, soon after its creation, this Court recognized the Federal Circuit's unique abilities: "[We] lack the benefit of the Federal Circuit's informed opinion on the complex issue of the degree to which the obviousness determination is one of fact." *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811 (1986). The need for case-by-case development, although diminished, continues twenty years later.

Especially with regard to non-obviousness, difficulties are compounded by the diversity of arts to which the requirement must be applied. This is illustrated by Manual of Patent Examining Procedure (MPEP) 2141.01(a) Analogous and Nonanalogous Art (8th Ed. 2001, rev'd Aug. 2006), which provides separate, detailed explanations for the chemical, mechanical, electrical and design arts. In general, however, MPEP 2141.01(a) obligates examiners to seek and apply art not directly relevant to claimed subject matter. Thus, persons skilled in particular technologies are often held accountable for what is taught more broadly – even in arguably distinct fields.

The trial court in the case on review recognized the importance of analogous art:

> The fact that Asano and the modular pedal position sensors teach the invention disclosed in claim 4 does not render their combination obvious, however, unless there is "some motivation or suggestion to combine the prior art teachings," either in the prior art itself, or by reasonable inference from the nature of the problem, or from the knowledge of those of ordinary skill in the art.

Teleflex Inc. v. KSR Int'l Co., 298 F.Supp.2d 581, 593 (E.D. Mich. 2003).

As the opinion on review points out, the trial court then concluded, "had Asano been cited to the patent examiner, the examiner would have rejected claim 4 as obvious." *Teleflex Inc. v. KSR Int'l Co.*, 119 Fed. Appx. 282, 288 (Fed. Cir. 2005). Yet the Asano reference that allegedly makes the invention at issue obvious was a U.S. patent, not something difficult to find or in a foreign language. It was as readily available to the examiner as to the patentee. Given the examiner's obligation under MPEP 2141.01(a), it does not seem unreasonable for the Federal Circuit to have asked the trial court on remand to explain why an available reference not cited *by* an examiner should be regarded as analogous.

Such issues are addressed by other *amici*, but separate discussion of various arts in MPEP 2141.01(a) warrants notice. That the PTO regards separate discussions as necessary suggests the difficulty – if not impossibility – of articulating a single approach to be implemented by all examiners, much less one that would meet all needs in infringement suits.

As stated in the NRC report at 61: "Patents on trivial inventions may confer or help to sustain significant market power. At the same time, an overly restrictive nonobviousness standard could discourage investment and delay new entrants to a market." Optimal levels of nonobviousness required for patentability in various technologies may not be as critical to the economy as short-term interest rates set by the Federal Reserve Board's Open Market Committee. But neither can signals be as precisely and quickly adjusted, nor can people deciding where to invest talent and other resources as readily perceive them.

In 1966, this Court foresaw that development of proper obviousness standards would call for a case-by-case approach. *Graham*, 383 U.S. at 18. Whether, as some thought, the limited jurisdiction of a predecessor court narrowed that court's vision and hindered PTO efforts to apply correct standards is unclear. It is also irrelevant; the Federal Circuit is not the CCPA.

Appreciation for the significance of the Federal Circuit's broad jurisdiction is sometimes lacking. The scope of that jurisdiction nevertheless fosters a balanced approach to obviousness. As noted above, recent FTC and NRC reports do not find its approach unbalanced – nor does the record on review. Thus, nothing refutes this Court's previous acknowledgment of the Federal Circuit's unique qualifications to meet the need for case-by-case development and application of obviousness standards. *Dennison*, 475 U.S. at 811.

CONCLUSION

The economic stakes are high, but the Federal Circuit is uniquely qualified to develop and refine tests of obviousness as needed to cover a range of arts on both direct and collateral review of PTO decisions. Absent clear evidence that the Federal Circuit disregards relevant precedents of this Court, the judgment below should be affirmed.

Respectfully submitted,

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